

CORRESPONDENCE COVER SHEET

MI 08-055

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Date Doc: 10/03/2000 Date Processed: t 11/20/2000

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Y 2001 MEMORANDUM OF AGREEMENT UPDATE

From	Or-,	To	Org	cc	Closes
TERLSON, DO	FHI	FEASTER, SL	BHI		
Area	Subject	OU	TSD		ERA
	4000				
	4650				
	7800				
Owed To	Org	Due	ACTION TRACKING Owed By DISTRIBUTION		Org Forecast
BI-11					
CRAVEN, WD	HO-13				
FEASTER, SL	HO-13				
HOUSTON, DH	HO-13				
KOPPITSCH, EJ	HO-07				
MACKEY PJ	HO-13				
ZOGHBI JG	HO-13				

Contact DIS Immediately To Reassign Action

8/13

FY 01 MEMORANDUM OF AGREEMENT UPDATE

Between Fluor Hanford, Inc. (FH)

and

Bechtel Hanford, Inc. (BHI)

September 28, 2000

The following describes the mutually agreed to update to the Memorandum of Agreement (MOA) between F1-1 and BHI for the Performance and Payment of Services:

The rV10A effective October 1, 1996 (including the annual updates) remains in effect with the changes and/or clarifications as set forth below effective the date signed below.

Applicability

To the maximum extent possible, 13H1 will access the direct services of lower tier subcontractors to FH including those previously defined as ENCOs direct from these companies and not request such support via FH. Likewise, *FH* subcontractors including ENCO companies will access the services **of 8111** direct from BHI and not via FH. BHI will continue to access site wide FH provided/managed services direct through FH.

The major ITT Subcontractors are DynCorp Tri-Cities Services, Inc. and Protection Technology Hartford (PTH). The ENCO Companies are Fluor Federal Services; COGEMA Engineering Corporation, and Waste Management Technical Services Inc. Work Authorization Requirements

Work authorizations (WA) issued from FH to BHI (or from BHI to FH) will contain specific QA, safety, technical and/or other unique requirements pertaining to the WA scope of work. Should 13J.11 or FH not be able to comply and/or choose not to provide the services as specified on an individual WA, other service provider will be sought to provide those service(s).

RECEIVED**NOV 20 2000**

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Date:

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.O. H Contracting

Date.

r
S.L. Feaster, BHI Contracts

BECHTEL HANFORD, INC.

Richland Corporate Center I

3350 George Washington Way

• Richland, WA 99352

Telephone: (509) 375-4640 Fax: (509) 375-4644

033-218
Job No. 22192

Written Response Required? yes

Actionee: S. A. sieracki;

Due Date: October 15, 1996

OU: N/A . N/A

TSD: N/A

ERA: N/A

Subject Code: 9240

OCT 04 M6

U.S. Department of Energy

Richland Operations Office

S. A. Sieracki, Contracting Officer

Procurement Services

P.O. Box 550, MSIN A7-80

Richland, Washington 99352

Dear Ms. Sieracki:

Subject: Contract No. DE-AC06-93RL12367

PURCHASE ORDER FOR WORK PERFORMED BETWEEN

FLUOR DANIEL HANFORD AND BECHTEL HANFORD, INC.

Enclosed for your records is a fully executed copy of the subject Purchase Order No. 0704X-FM-

Should you have any questions, please contact the undersigned at 375-4670 or Scott Feaster at 372-9213.

Sincerely,

. von der Linden

Project Procurement and Property Manager

DDV:ins

Attachment: P.O.0704X-FM-60049

cc: S. L. Feaster (BHI) HO-13, w/a

M. B. Fox (BHI) HO-11, w/a

T. A. Heidelberg (BHI) HO-07, w/a

G. F. Jones (BHI) HO-14, w/a

E. J. Koppitsch (BHI) HO-07, w/a

P. J. Mackey (BHI) HO-13, w/a

Document and Info Services HO-09, w/a

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HANFORD

pofdhbhi.wpd



037459

PURCHASE ORDER

FROM: BECHTEL HANFORD, INC.
3350 G. WASHINGTON WAY
RICHLAND, WA 99352

P.O. NO.: 0704X-FM-G0049

AWARD DATE: October 1, 1996

COMPLETION DATE: October 15, 1997

PHONE: (509) 372-9113
(509) 372-9049

FAX:
TO:

All prices shown herein are subject to adjustment

DEPARTMENT OF ENERGY
(DOE-RL)
RICHLAND OPERATIONS
OFFICE
PO BOX 55)
RICHLAND, WA 99352
SALLY A. SIERACKI

ATTN:
PHONE:

509-376-8918

SCOPE OF WORK AND PRICING

ITEM NO	REV	QTY/UNIT	DESCRIPTION	UNIT PRICE
1	00		<p>Provide services in accordance with the attached Memorandum of Agreement between Fluor Daniel Hanford (FDH) and Bechtel Hanford, Inc. (BHI). Services shall be from FDH to 8H1 and shall be administered by Work Orders. Services are defined as "Government Furnished Services".</p> <p><u>81L</u> DOE-RL will invoice BHI monthly for services provided by FDH. Settlement of this invoice will be effected by deducting the amount from the next invoice issued by BHI for ERC services.</p>	
			NTE	\$6,000,000.00

PRODUCT FLUOR DANIEL HANFORD SERVICES Total Purchase Order Value \$

Seller's Authorized Representative	BHI Procurement Representative
By: Date:	BECHTEL
Print Name: <i>von der Linden</i>	Signed Date: October 1, 1996
Title: <i>FBI C 6f</i>	Print Name: Darell D. Von der Linden
Firm: <i>DEPT OF Energy</i>	Title: Contracts Manager

Memorandum Of Agreement

Between Fluor Daniel Hanford and Bechtel Hanford, Inc.

For the Performance and Payment of Services

The following describes the agreement reached between the Project Hanford Management Contractor, Fluor Daniel Hanford (FDH), and Bechtel Hanford, Inc. (BHI) for the performance and payment of services, effective October 1, 1996, until such time as other arrangements are negotiated and agreed to by the parties. The parties agree to review this agreement for changes at least annually.

Principles: The principles embodied in this agreement represent a mutual desire by the parties for 1) a simple and efficient process for performing work for each other that is responsive to the unique needs of each Contractor, 2) minimizing administrative effort and cost, 3) assuring adequate management controls and accountabilities and 4) encouraging routine communication and quick resolution of issues/problems.

Applicability: Pursuant to Department of Energy (DOE) direction, BHI. and its Pre-selected Subcontractors will have access, through BHI, to the services of Fluor Daniel Hanford, its Major Subcontractors and their Enterprise Companies through this agreement, and likewise, Fluor Daniel Hanford, its Major Subcontractors, and their Enterprise Companies will have access to the services of BHI and its Pre-selected Subcontractors, via BHI, through this agreement. Providing services for other than the benefit of a Contractor's prime DOE contract will be governed by use permit or other separate agreements reached with DOE .

The FDH Major Subcontractors are: B&W Hanford Inc.; Lockheed Martin Hanford Corporation; Rust Federal Services of Hanford; DE&S Hanford, Inc.; Numatec Hanford Company; and Dyncorp Tri-Cities Services, Inc. The Enterprise Companies are: Rust Federal Services NW; SGN Eurysis Services Corp.; Lockheed Martin Services, Inc.; B&W Protec; Duke Engineering Services, Inc.; and Fluor Daniel Northwest.

The Pre-selected Subcontractors of BHI are: Thermo Hanford, Inc. (THI); CH2M Hill Hanford; Inc. (CHI); and IT Hanford, Inc. (ITH).

Terminology: The term Contractor refers to any of the parties, other than DOE, identified in the Applicability section above. The term Requestor refers to the individual that authorized

work to be performed by another Contractor. The term Requesting Contractor refers to the Contractor organization that is requesting the work. The term Performing Contractor refers to the Contractor that is supplying services under a work authorization from another Contractor.

Work Authorization: Initially the existing Hanford Site work order will be used as the formal authorizing document for each order until another mechanism is developed. Contractors will perform work for one another only upon receipt of and in compliance with a specific written authorization. Electronic forms of correspondence are suitable as an authorization so long as they contain all necessary information (as defined below) and are processed in the same manner as the written authorization. Requestors of services are responsible for ensuring that their company's required reviews and approvals have been completed before issuing a work authorization. In cases where there is a need to start work before a formal authorization can be processed, work may be initiated through an electronic Mail or similar written communication to the Performing Contractor that includes a description of the work, Requestor's name, the work authorization number (e.g., work order number), amount of interim authorization (up to \$100K) and name of responsible person in the performing organization. Requests to do work that are potentially beyond the scope of the Performing Contractor's prime contract shall require the prior approval of the DOE Contracting Officer.

The Requestor of services may require a formal cost estimate before authorizing work. If a cost estimate is required, the Requestor will initiate the process by providing a description of the work to be performed including the required result and/or deliverable and other specific instructions (e.g., safety and quality assurance requirements). Unless the Performing Contractor is unable or unwilling to meet the Requestor's requirements, the Performing Contractor should provide an estimate of the resources required, the full cost of the resources and any other relevant information, such as schedule or clarification of deliverables, to the Requestor. For those activities that include potential operating mortgages (e.g., disposal of radioactive and mixed wastes), the cost to cover these mortgages is to be included in the original estimate and will be part of the allowable closeout cost in the event of a termination or when the project ends unless the parties reach other agreement in writing.

The existing work order document defines the minimum information required for a work authorization. As appropriate, the work order will be supplemented by other documents such as a Letter of Instruction (LOI) for expanding on scope, the period of performance, deliverables, milestones, quality assurance requirements, safety requirements, reporting requirements and any other requirements particular to the work authorization. Absent specific direction on quality assurance requirements, the Performing Contractor will use best practices as defined by their own internal policy and procedures. **The Performing Contractor by accepting the work, is responsible for ensuring that work is performed in accordance with these requirements and that the work can be completed for the amount authorized.**

The four basic types of services to be provided are described below. Each separate order for

each type of service is considered to be a work authorization. The four types of services are:

Performing Contractor and normally include milestones and/or significant deliverables and may include specific project reporting requirements. Projects are generally longer than 3 months in duration and >\$100K. Agreement on a formal description of the work and cost estimate is required.

1. Technical Services - Technical services are for specific routine services (e.g., sample analysis) and usually for tasks of shorter duration and a smaller amount of funding than for a project (e.g., generally <\$100K and under 3 months duration) requiring a less detailed agreement than for a project. A description of the work and cost estimate is to be provided upon request.

3. Hanford Site Services - A Hanford Site service is a service provided by a Hanford Contractor for the benefit of one or more of the Contractors at the Hanford site at the direction of the DOE-Richland Operations Office (DOE-RL), and where the budget and allocation among the Contractors is approved by DOE-RL. Impacted Contractors will be included in the process for considering changes in workscope, cost allocation practices and/or significant changes in budget. When these changes are planned by the Performing Contractor, the Performing Contractor will notify the impacted Contractors of the proposed change and provide them with an opportunity to comment on the changes before they occur and participate in discussions and decision meetings as appropriate. For

usage-based services, the Requesting Contractor will provide a work authorization to the providing Contractor at an amount as specified by DOE-RL or as otherwise agreed to by the parties. For assessed services, FDH will bill DOE-RL directly an amount as specified by DOE-RL.

4. Walk-in Services - A walk-in service is a service available on request with predetermined rates (e.g., duplicating, stores, calibrations). A work order authorization is required for these services and the Requestor must provide the work order number at the time the service is ordered. The Requestor's act of ordering the service constitutes authorization. The Performing Contractor must provide a method for documenting the Requestor's authorization and verifying the quantity ordered.

If, during the course of performing the work, there are changes in scope, schedule, deliverables, milestones or other impacts to the work authorization including any changes that

agreement i
would affect the ability of the Performing Contractor to complete the workscope for the authorized amount, the parties will, through a change control process, mutually agree on the impact of the changes and an amended authorization will be processed in a timely manner.

Cost Recording, Overruns, Underruns, and Resolution of Problems: Unless otherwise agreed to among the parties, all services will be provided on a cost reimbursement basis. Cost will only be billed up to the authorized amount. The Requestor of a cost estimate agrees to reimburse the Contractor preparing the estimate for the cost of preparing the estimate subject to the amount authorized by the Requestor. Potential overruns should be identified in writing and communicated to the Requestor in advance of an actual overrun so that a mutual course of action can be developed (e.g., increased efficiency, revised work scope or increased authorization). If there is an actual overrun, the overrun will be covered if explained to the customer's satisfaction and the Requestor processes a revised authorization. At the completion of work, if there is an underrun, the underrun will revert back to the Requesting Contractor. In the event the parties are unable to resolve a dispute, it is agreed that the dispute will be referred to a mutually acceptable arbitrator. The parties agree to be bound by the decision rendered in such arbitration.

The parties agree that it is their long-term intent to only bill cost up to the authorized amount. However, if a Contractor's current system cannot accommodate this without undue administrative burden, overruns can be billed subject to being reversed upon a written or electronic protest from the Requesting Contractor. If a protest is received 5 working days before the next billing, the overrun should be reversed at the Contractor's next processing, otherwise at the Contractor's subsequent billing. At the next major modification to their system, the Contractor will provide for the capability to bill only up to the authorized amount.

Changes in indirect or service center rates that differ from those used in the cost estimate are chargeable against the authorized work even though this may result in an overrun to the work authorization. The requesting contractor is obligated to pay for these costs even though these rate changes may occur in subsequent fiscal years after the work authorization is closed. When indirect or service center rate changes are planned, the Contractor initiating the rate change will notify the affected Contractors on a timely basis, before the rate changes are billed.

The parties agree to make every effort to report and bill cost in a timely manner. This includes accruing third-party cost when third-party cost represents a significant part of the work effort and this cost is lagging. The Performing Contractor must report accruals to the requesting Contractor on a monthly basis. These accruals should include costs through the end of the calendar month associated with all services performed under the work authorization. Accrual information will be exchanged electronically at the work authorization level.

In the event of late or unexpected cost, and if the authorization was open during the fiscal year that the cost was recorded, the Requesting Contractor must accept this cost if performed in accordance with the work authorization subject to not exceeding the authorized amount. If there is late or unexpected cost, excluding rate revisions, and an authorization was not open during the fiscal year in which the cost was recorded the disposition of the cost will be negotiated on a case-by-case basis between the parties.

If the Requestor decides to terminate a work authorization, it must be done by written notice.

Termination notice should be provided at least two weeks in advance of the effective date. Billable and allowable cost for such termination authorization will include any cost-to-date plus reasonable and allowable closeout cost.

Payment for services: For work performed by FDH for BHI, BHI will provisionally agree by the third working day of each calendar month to the amount of the invoice for the previous month. FDH will then bill that amount to DOE-RL who will then bill that amount to BHI. Simultaneously, FDH will provide hard copy and electronic detail of the invoiced amount to BFI. BFI will review that detail and provide adjustments to FDH; FDH will include all of these adjustments in the subsequent billings and FDH and BHI will work to resolve the adjusted items. For work performed by BHI for FDH, BHI will submit an invoice directly to FDH of billable cost incurred each month and FDH will make payment, at the work authorization level with associated adjustments, directly to BHI within 30 days of receipt of the invoice.

Billing: The Performing Contractor will provide the Requesting Contractor with detail by work authorization by element of cost; labor charges will be supported by the name and hours of the employee performing the service. BHI requires the billing detail both electronically and in hard copy . If the Requesting Contractor wants more detail, this requirement should be included in the supplementary reporting requirements associated with the project or technical services authorization, in associated letters of instruction, or on the work authorization itself.

Intellectual Property JP): For purposes of commercializing IP that might be developed through this relationship, the Contractor developing such IP or otherwise having rights in such EP shall have the right to commercialize the IP unless other agreements have been made in writing between the parties. In the event that IP is jointly owned between the parties, the Performing Contractor shall have the first right to commercialize the IP unless other agreements have been made in writing between the parties.

Purchased Equipment and Supplies: Equipment and supplies purchased during the performance of work will remain in the custody of the Performing Contractor upon completion of the work unless otherwise specified in the work authorization or as agreed to on a case-by- basis.

Performance of Work: Each Contractor will perform work in accordance with the provisions of its prime contract with DOE and its internal procedures and requirements. In addition, all such work shall be performed in compliance with applicable laws, orders, permits, rules and regulations.

Memorandum of Agreement

Between Fluor Daniel Hanford and Bechtel Hanford, Inc.
For the Performance and Payment of Services

Signatures:

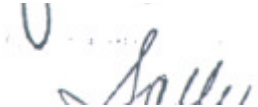
. J. atch for Fluor Daniel Hanford

Date

q 30 9, b

D to

Joseph F. Nemec for Bechtel Hanford, Inc.



. A. Sieracki for Department of Energy

OCT 96

Date